

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2699 - Teacher Internships (LSB 6522 HV)  
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Fiscal Note Version - New

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**Description**

House File 2699 establishes a practical experience incentive program for mathematics and science teachers. Teachers employed by eligible entities or a State university or agency for at least 240 hours during an eight-week period will earn 80.0% of the credits required for renewal of a teaching license. The eligible entity is entitled to a tax credit equal to 25.0% of the gross wages paid the teacher. The tax credit is calculated on the total withholding taxes due on wages paid to the teacher under the program. If the amount of withholding is less than 25.0% of the gross wages paid, the tax credit can be taken against other withholding taxes due.

The Bill defines "eligible entity" as a business or consortium of businesses engaged in interstate or intrastate commerce, excluding retail services, that substantially uses mathematics or science in its work. The eligible entity must employ the teacher in an on-site position that provides substantial practical experience in the mathematics or science subject area in which the teacher holds an endorsement and is employed to teach. The eligible entity must pay the teacher a monthly amount equivalent to the teacher's monthly pay from the school district, accredited nonpublic school, or community college where they teach.

**Assumptions**

1. The maximum number of teachers eligible for the program is 2,747. Of that amount, it is assumed that 10.0% or 275 teachers will participate in one year, beginning in FY 2007. The actual rate of participation is unknown.
2. It is assumed that the eligible entity pays the teacher an hourly wage of \$19.65, equivalent to the average annual teacher salary of \$40,877.
3. It is assumed that each participant works 240 hours, the minimum required under the program.

**Fiscal Impact**

The withholding tax credit in HF 2699 will reduce General Fund revenues by an estimated \$324,000 in FY 2007. The reduction will vary from year to year, based upon the level of participation and increases in wages.

**Source**

Department of Education

/s/ Holly M. Lyons

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April 3, 2006

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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